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June 16, 2003

Backgrounder on the FCC's New Media Ownership Rules

This paper is intended to provide background information on the recent Federal Communications Commission decision on media ownership rules. It analyzes the specifics of the decision and provides arguments both for and against legislative efforts to repeal it.

In response to a congressional mandate to review its media ownership rules every two years, the Federal Communications Commission (FCC or Commission) on June 2, 2003 voted 3-2 to set new limits on media concentration. Of the six media ownership rules reviewed by the Commission, one was strengthened (the Local Radio Ownership Limit), one was left unchanged (the Dual Network Ownership Prohibition), and four were relaxed slightly (the National TV Ownership Limit, the local TV Ownership Limit, Cross-Media Ownership Limit, and the regulation on Radio and TV license transferability). Each of these rules is examined at length in this paper.

The law requiring the FCC action is the Telecommunications Act of 1996 (Telecom Act), which directed the FCC to eliminate the cap on the number of television stations any one business may own and to increase to 35 from 25 the maximum percentage of American households a single broadcaster may reach.[1] The Act also requires the Commission to review its broadcast ownership rules every two years, and "repeal or modify any regulation it determines to be no longer in the public interest as a result of competition."[2]

The FCC has been subjected to a number of court challenges in its implementation of the law, and the recent trend has been to strike down specific limits on the number of broadcast entities that one company may own. Since its 1998 review, the Commission has lost five out of five cases that challenged its media ownership rules.[3] According to the U.S. Court of Appeals for the District of Columbia Circuit, the Telecom Act "carries with it a presumption in favor of repealing or modifying the ownership rules."[4] This places a burden on the Commission to provide sufficient justification for the retention of any ownership cap, and it tips the balance in favor of repealing or relaxing current rules.

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[1] Telecommunications Act of 1996 (Telecom Act), (P.L. No. 104-104), 110 Stat. 56 (1996) Section 202(c)(1)(A).
[2] Telecom Act, Section 202(h).
[3] Michael Powell, FCC Chairman, CNBC's *Capital Report*, May 28, 2003.
[4] *Fox v. FCC* (280 F.3d 1027, 350 U.S.App.D.C. 79, 30 Media L. Rep. 1705 D.C.Cir. Feb 19, 2002).

Public policy could not support one company, or a small group of companies, dictating the breadth of television content or the tenor of news coverage, so concerns about the effect of media consolidation are worthy of careful analysis. Fear that greater consolidation will squeeze out local voices and result in homogenized, lowest-common-denominator programming animates the arguments of those critical of the Commission's decision.

However, the Commission majority and its supporters contend that, had the FCC not acted, the courts would continue to side with media companies, and in due course those companies would have begun to ignore the rules altogether. The Commission majority also notes that much of the empirical evidence compiled during the review did not support the belief that greater consolidation would erode local influence or diversity. Because it lacked sufficient empirical evidence that the public interest was better served in maintaining the current caps, the Commission – in response to Court of Appeals' interpretation of the Telecom Act – had no choice but to modify the rules, say the majority.

The Fox Case

One of the court cases that conditioned the FCC's decision was *Fox v. FCC*, which remanded the 35-percent cap on national station ownership to the Commission for further review. In *Fox,* which was decided in February 2002, the court said that the FCC's action was "arbitrary and capricious and contrary to law" because it "failed to give an adequate reason for its decision" to keep the 35-percent cap. Moreover, the court argued, the Commission "provided no analysis of the state of competition in the television industry to justify its decision to retain the national ownership cap." [5]

In remanding the decision, the court allowed the FCC to provide reasons, "either analytical or empirical," to justify a continuation of the rule. The FCC already was devoting assiduous attention to this issue as a result of its 2000 biennial review. Over 20 months, the Commission received over 750,000 public comments, conducted numerous field hearings, and commissioned 12 *Media Ownership Working Group Studies* (empirical analyses prepared by FCC staff and independent academics) to analyze the nature of competition in the industry. The result: the majority of commissioners contend the 45-percent ownership cap promotes the "public interest" as defined by the Commission's three goals of competition, diversity, and localism.

Specifics of the FCC Decision[6]

Although the June 2 decision represents an affirmation of the Commission's role in regulating media ownership in the face of palpable judicial skepticism, many analysts and commentators have assailed the new rules as a sop to media conglomerates and an affront to the "public interest." These critics argue that the Commission should have

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[5] *Fox v. FCC.*
[6] Information provided by the release that accompanied FCC's *Report and Order*.

retained the old caps, such as the 35-percent national television ownership limit, and cite concerns that media empires now will gobble up more media outlets and diminish local coverage. What follows is a description of each of the FCC's rule changes, and comments representing the concerns of both proponents and opponents.

1. Dual Network Ownership Prohibition: (*originally adopted 1946*)

The FCC retained its ban on mergers among any of the top four national broadcast networks. This rule prevents a merger between NBC, CBS, ABC, or FOX.

2. Local TV Multiple Ownership Limit: (*originally adopted in 1964*)

The FCC relaxed the rule as follows:

- In markets with five or more TV stations, a company may own two stations, but only one of these stations can be among the top four in ratings.
- In markets with 18 or more TV stations, a company can own three TV stations, but only one of these stations can be among the top four in ratings.
- In deciding how many stations are in the market, both commercial and non-commercial TV stations are counted.
- The FCC adopted a waiver process for markets with 11 or fewer TV stations in which two top-four stations seek to merge. The FCC will evaluate on a case-by-case basis whether such stations would better serve their local communities together rather than separately.

The previous local TV multiple ownership rule allowed common ownership of two television stations in the same local market if one of the stations was not among the four highest ranked stations and eight independently owned, full-power, operational television stations remain in the market after the merger. This rule was struck down by the D.C. Circuit Court of Appeals in *Sinclair Broadcasting v. FCC* as "arbitrary and capricious" because the Commission did not explain why the role of other community voices – i.e., radio and newspapers – were not included in the Commission's rule.[7]

Although this is perhaps the least controversial of the three major rule changes, **opponents of the decision argue** that since many local stations do not provide local news, the new rule does not provide sufficient protection for viewpoint diversity. Increased concentration, critics fear, could also place undue pressure on the advertising revenue of smaller broadcasters.

Supporters of the rule argue that since most of the local broadcast news and viewpoint diversity is provided at the local level by the four main stations, it is difficult to conceive how this rule will negatively impact diversity or localism. Prospective consumer benefits include newer and more diverse programming, as a parent owning two or more local stations would be inclined to diversify content between its stations to maximize aggregate viewership – and advertising revenue – during most, if not all timeslots.

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[7] *SinclairBroadcasting v. FCC* (284 F.3d 148, 350 U.S.App.D.C. 313 D.C.Cir. April 2, 2002).

3. National TV Ownership Limit: (*originally adopted in 1941*)

The FCC incrementally increased the 35-percent limit to a 45-percent limit on national ownership.

- A company can own TV stations reaching no more than a 45-percent share of U.S. TV households.
- The share of U.S. TV households is calculated by adding the number of TV households in each market in which the company owns a station. Regardless of the station's ratings, it is counted for all of the potential viewers in the market. Therefore, a 45-percent share of U.S. TV households is not equal to a 45-percent share of TV stations in the U.S.

Of all of the June 2nd rule changes approved by the Commission, this one has probably generated the most controversy.

Opponents argue that if the cap is increased from 35 percent to 45 percent, network parents would be able to increase their already considerable market power, squeeze smaller broadcasters out of the market, and dictate the terms and content options available to consumers and independent affiliates. Specifically, opponents maintain that an increase in the cap will harm independent programming and allow a few conglomerates "to control all of the creative entertainment we see."[8]

Supporters of the rule contend that such questions are better left to antitrust enforcement, as they reflect the potential consumer harm arising from market concentration. But beyond this question of regulatory jurisdiction, the majority believes the empirical evidence suggests that competition is alive and well. During the 2002-2003 season, the majority notes, 26 different independent producers were responsible for two-thirds (59 out of 90) of the shows aired during primetime on the top four broadcast networks.[9]

The majority also emphasizes that the "45 percent" figure is very misleading. On March 31, 2003, there were 1,340 commercial TV stations in the U.S. Of these 1,340 stations, Viacom owns 39 TV stations (2.9 percent), Fox owns 37 (2.8 percent), NBC owns 29 (2.2 percent) and ABC owns 10 (0.8 percent).[10] The confusing nature of the cap, in that it represents "potential viewers reached" instead of the actual percentage of stations owned, makes the industry appear far more concentrated than it really is.

Beyond market concentration, **critics warn of deterioration in the quality of local news as networks buy more of their affiliates.** Network-owned-and-operated stations, the theory goes, would be inclined to substitute national news stories for local news to

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[8] Statement of Commissioner Michael J. Copps, Dissenting, *Report and Order*, June 2, 2003.
[9] Michael Powell, in testimony before the Senate Commerce Committee, June 4, 2003.
[10] Federal Communications Commission, release that accompanied *Report and Order*, June 2, 2003.

save money at the local level and achieve economies of scale. Local affiliates are also better able to preempt network programming based on community standards and needs.

Supporters of the rule insist that the available evidence suggests that local newscasts might actually improve as a result of the Commission's new ownership rules. An independent study completed by the FCC's Industry Analysis division found that network-owned-and-operated stations garnered more awards for local news excellence than locally owned affiliates.[11] For example, network-owned-and-operated affiliates won 1.3 times as many Radio and Television News Directors Awards and nearly five times as many A.I. DuPont Awards (presented by the renowned Columbia University School of Journalism for excellence in local coverage) than locally owned affiliates on a weighted scale.[12]

The study also found "network-owned-and-operated stations appear to produce, on average, a greater quantity of local news and public affairs programming than affiliates where the two station types compete directly."[13] Network-owned-and-operated affiliates produce, on average, 4.3 hours more local news and public affairs programming a week than locally owned affiliates.[14]

4. Local Radio Ownership Limit: (*originally adopted in 1941*):

The FCC found that the current limits on local radio ownership continue to be necessary in the public interest, but that the previous methodology for defining a radio market did not serve the public interest. The radio caps remain at the following levels:

- In markets with 45 or more radio stations, a company may own 8 stations, only 5 of which may be in one class, AM or FM.
- In markets with 30-44 radio stations, a company may own 7 stations, only 4 of which may be in one class, AM or FM.
- In markets with 15-29 radio stations, a company may own 6 stations, only 4 of which may be in one class, AM or FM.
- In markets with 14 or fewer radio stations, a company may own 5 stations, only 3 of which may be in one class, AM or FM.

This rule change will likely serve to limit further consolidation in the radio industry by changing the method the Commission uses to define local markets. The Commission's "contour method," which measures radio markets by the size of the signal contours, will be replaced by a geographic market approach assigned by Arbitron, an international media and marketing research firm. As a result, the rule will allow Clear Channel, a radio conglomerate that owns over 1,200 radio stations, to maintain control of

[11] Thomas C. Spavins et al., "The Measurement of Local Television News and Public Affairs Programs," *Media Ownership Working Group Study No. 7,* The Federal Communications Commission, November 20, 2002.
[12] Spavins et al.
[13] Spavins et al.
[14] Spavins et al.

the stations it currently owns, but prevent the group from acquiring any more stations in most of its markets.

5. Cross-Media Limits:

This rule replaces the broadcast-newspaper and the radio-television cross-ownership rules and establishes a Diversity Index (see appendix) to provide guidance on permissible media combinations. The new rule states:

- In markets with three or fewer TV stations, no cross-ownership is permitted among TV, radio and newspapers. A company may obtain a waiver of that ban if it can show that the television station does not serve the area served by the cross-owned property (*i.e*. the radio station or the newspaper).
- In markets with between 4 and 8 TV stations, combinations are limited to one of the following:
  (A) A daily newspaper; one TV station; and up to half of the radio station limit for that market (*i.e.* if the radio limit in the market is 6, the company can only own 3) **OR**
  (B) A daily newspaper; and up to the radio station limit for that market; (*i.e.* no TV stations) **OR**
  (C) Two TV stations (if permissible under local TV ownership rule); up to the radio station limit for that market (*i.e.* no daily newspapers).
- In markets with nine or more TV stations, the FCC eliminated the newspaper-broadcast cross-ownership ban and the television-radio cross-ownership ban.

Opponents of this rule change voice concern that if network affiliates were allowed to purchase a local newspaper (or vice versa) the quality of news and diversity of voices would suffer, as the combined entity would merge its news divisions to reduce costs and achieve economies of scope. Also, since most markets have only one newspaper, critics fear that a combined newspaper-broadcaster would create a dominant news outlet in the market "against which no other entity could compete."[15]

The majority retorts that a combined newspaper-broadcaster could pool resources to improve local news coverage without diminishing competition. If viewers are drawn to a combined entity (and its market share increases) because it offers better, more comprehensive local news, the majority argues, it is difficult to see the consumer harm in that scenario. In addition, competitors would have an incentive to diversify their own coverage to compete against the incumbent news provider in much the same way FOX News did when it entered a market dominated by cross-owned, establishment news services.

[15] Statement of Commissioner Michael J. Copps.

Importantly, the empirical evidence concerning newspaper-broadcast affiliate cross-ownership seems to support the majority's contention that pooled resources will result in more ample local news. As the independent FCC analysis cited above states:

> Within the class of affiliates, there is a clear variation in performance between affiliates that are owned in common with a newspaper publisher and all other network affiliates. Affiliates co-owned with newspapers experience noticeably greater success under our measures of quality and quantity of local news programming than other network affiliates.[16]

Still, critics argue, if an improvement in the quality of the news reporting comes at the expense of diversity of viewpoints, cross-ownership between local newspapers and affiliates may not coincide with the "public interest." Yet an entirely separate analysis, conducted by David Pritchard of the University of Wisconsin-Milwaukee for the FCC, demonstrates that this is not necessarily the case.

Pritchard's study analyzed the extent to which the news coverage of network affiliates owned by a newspaper publisher coincided with the coverage offered by the newspaper itself. According to his study of local coverage of the 2000 election, in five of the ten markets surveyed, the slant of the affiliate's coverage differed markedly from the newspaper, while in the other five, the coverage was more-or-less similar.

Pritchard writes, "The data suggest that common ownership of a newspaper and a television station in a community does not result in a predictable pattern of news coverage and commentary about important political events in the commonly owned outlets."[17]

Opponents of the decision lament the relaxation of the radio-TV cross-ownership limits, which would allow one company to further extend its ownership of media properties in a local media market. However, the Commission majority contends that this relaxation of rules may result in less national radio ownership concentration, as local television broadcasters are free to purchase radio stations that may otherwise be owned by a large radio conglomerate, like Clear Channel.

6. Radio and TV Transferability Limited to Small Businesses

The FCC's new TV and radio ownership rules may result in a number of situations where current ownership arrangements exceed ownership limits. The FCC grandfathered owners of those clusters, but generally prohibited the sale of such above-cap clusters. The FCC made a limited exception to permit sales of grandfathered combinations to small businesses as defined in the release that accompanied the *Order*.

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[16] Spavins et al.

[17] David Pritchard, "Viewpoint Diversity in Cross-Owned Newspapers and Television Stations: A Study of News Coverage of the 2000 Presidential Campaign," *Media Ownership Working Group Study No. 2*. The Federal Communications Commission, November 7, 2002.

This portion of the rule will prevent companies like Clear Channel, who own more local radio stations than the cap permits in several markets, from selling its stations in clusters in those markets, unless they are sold to small businesses, many of which are minority- or female-owned. However, opponents of the decision argue that this provision creates a loophole for new consolidation. After only three years, small businesses would be able to sell the stations purchased from radio conglomerates to anyone else without restriction.

Legislation Related to the FCC Decision

Dissatisfaction with the rule changes has prompted many Senators to seek legislation to reverse the FCC decision on media ownership. Senator Mark Pryor (D-AR) has introduced a resolution "expressing the sense of the Senate that the June 2, 2003, ruling of the Federal Communications Commission weakening the Nation's media ownership rules is not in the public interest and should be rescinded."[18] Other Senators are working to garner support for a legislative veto of the FCC decision, while Commerce Committee and Commerce, Justice, and State Appropriations Subcommittee Ranking Member Ernest Hollings (D-SC) has threatened to attach a rider to the FCC appropriation to prevent any funds from being spent to implement the new rules.

Perhaps of greater consequence is a bill, S. 1046, sponsored by Senator Ted Stevens (R-AK), Senator Trent Lott (R-MS) and Senator Ernest Hollings (D-SC) to restore the national television ownership cap to 35 percent. Senate Commerce Committee Chairman John McCain (R-AZ) has indicated that while he does not support the measure, his committee will mark up this bill this month. Richard Burr (R-NC) introduced a companion bill, H.R. 2052, in the House. Although the bill has garnered 82 cosponsors at press time, no committee action is anticipated.

Conclusion

Legislation to overrule a Commission decision on media ownership is not unprecedented. In 1984, the FCC issued a rule to repeal the national television ownership cap, subject to a six-year transition period during which ownership was capped at 12 stations. Congress intervened and blocked implementation of the rule in the *Second Supplemental Appropriations Act* of that year (P.L. 98-396). The Commission responded by reinstituting the 25-percent rule, which remained in place until the 1996 Telecom Act.

Also of note is the *Small Business Regulatory Enforcement Fairness Act of 1996* (SBRFA) (P.L. 104-121), which allows Congress to review and veto virtually any federal agency regulation, including the FCC's media ownership rules. This procedure has been used only once, to repeal an Occupational Safety and Health Administration (OSHA) ergonomics rule, *ERGO Repeal Resolution* (P.L.107-5), at the beginning of 2002.

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[18] S.Res 159, 108th Congress.

Other Senators have been unwilling to support efforts to repeal the rules because they believe the changes were appropriate and because they recognize that the "public interest" media ownership rules revised by the Commission are but a small part of a rapidly expanding media universe.[19] Given television broadcasters' low margins, declining advertising share, increasing programming costs, and volatile revenues, investors have found other media properties and markets much more appealing.[20]

Such investment flows have funded a technological revolution that has fundamentally changed the way Americans access news and information. Importantly, most, if not all, of this technology is outside the purview of the traditional "public interest" standard. The FCC rule changes did nothing to affect the most salient features of the media revolution.

Although some worry about homogenization, compare today, where 89.9 million American households (85.3 percent) subscribe to cable or satellite television packages that can deliver up to 500 channels,[21] to the 1959-1960 primetime television season where three networks competing for the same large-scale audience produced ***30*** westerns and a meager 10 and ½ hours of network news a week.[22] Today's programming packages cater to virtually every conceivable hobby, be it golf, cooking, or travel, and speak to the interests of every generation. Moreover, 24-hour news stations offer Americans the ability to devote attention to major events, like the recent War in Iraq, at a level unforeseen at the time the ownership caps were enacted.[23]

Still some complain that the richness of choice available today is unimportant because 5 percent to 8 percent of companies command 80 percent of the viewing share.[24] In this way, these critics contend, today's diversity of viewing options is a diversity that "cancels itself out," as a few vertically integrated media conglomerates own most of what Americans see and hear.

Yet, supporters of deregulation argue, this view overlooks the fact that multiple ownership provides the revenue base and scale necessary to provide such a range of stations and programming options. Consider the example of Viacom: its holdings include MTV, BET, Showtime, Nickelodeon, and TNN. While these stations may compete for viewers from time to time, all attempt to cater to specific tastes and offer

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[19] See comments made by Sens. Allen, Fitzgerald, and Breaux during the Senate Commerce Committee hearing on Media Ownership, June 4, 2003.

[20] From 2002-2003, ABC, FOX, NBC, and CBS earned $2 billion in profits on $39 billion in revenue, a 5 percent operating margin. Victor B. Miller IV, Bear Stearns, Equity Analyst-Broadcasting, *Opening Statement*, FCC Hearing on Ownership Rules, February 27, 2003.

[21] *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Federal Communications Commission, MB Docket 02-145, Released December 31, 2002.

[22] Howard Rosenberg, "'Survivor' Clones: One of Network TV's Weak Links," *Los Angeles Times*, Part F; Page 1, April 16, 2001.

[23] See James Gattuso, "Iraq and the Myth of Media Concentration," at http://www.heritage.org/Press/Commentary/ed051903b.cfm.

[24] Michael Powell on *Capital Report*, CNBC News Transcripts, May 28, 2003.

programming unlike their sister channels so as to maximize the company's aggregate viewership – and advertising revenue – at all times.

At the same time, 58 percent of American adults, and a much greater percentage of young people, regularly browse the Internet,[25] which has provided consumers with limitless sources of news and entertainment and provided "every man, woman, and child the ability to be a one-person publishing house or broadcasting station."[26] Even if a small group of companies were able to dominate television news, supporters of deregulation argue, the Internet perpetuates the availability of alternative viewpoints. As Matt Drudge has famously said, "The statue of Peter Jennings has been pulled down (by the Internet)."[27]

Whether or not the Senate decides to repeal the FCC's latest rules, the underlying questions of media consolidation and content standards will remain. As alternative media gain in acceptance and supplant radio and television as consumers' primary source of information and entertainment, more changes to media ownership rules may be necessary. The passage of time could be a big asset for lawmakers, as they assess the effects of technological change on competition, diversity, and localism. If Congress decides to leave these rules in place, future Congresses will have the ability to address these rules and many others in a more comprehensive and deliberate fashion.

Appendix: The FCC's Diversity Index (DI) that will be used to provide guidance for combinations that would be acceptable to the new Cross-Media Limits.

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[25] Pew Internet and American Life Project survey cited in Susan Stellin, "Connections to Broadband Increase 50 Percent," *The New York Times*, Section C; Page 4; Column 6, May 19, 2003.
[26] Clyde Wayne Crews, Jr. and Adam Thierer, "The Big Media Boogyman," The CATO Institute, May 27, 2003.
[27] Matt Drudge quoted in Jonathan Alter, "An Erosion of Trust," *Newsweek*, p. 47, May 26, 2003.

DIVERSITY INDEX - SUMMARY

The FCC's Diversity Index (DI) reflects the degree of concentration in viewpoint diversity in local markets. Consistent with First Amendment concerns, the DI does not assess diversity by looking to the specific views expressed over a media outlet. Instead it measures the availability of outlets of various types and assigns a weight to each class of outlet (radio, newspaper, television, etc.) based on their relative value to consumers. The Diversity Index is modeled on the Herfindahl-Hirschmann Index (HHI), which is used in antitrust analysis to measure the degree concentration in an economic market. Both the HHI and the DI are derived by adding together the sum of squared market shares of competitors in each local market. The end result of the DI is an assessment of the degree of media diversity concentration taking into account all of the media outlets in the market.

How to read the table on the next page:

Columns A and B: Column A assigns weights to different types of media based on Nielsen's nationwide survey of 3,136 people who were asked what sources they use for local news and current affairs (FCC MOWG Study No. 8). As a source of local news, broadcast television stations were listed by 33.8% of respondents; radio was listed by 24.9% of respondents; newspapers by 28.8%; and the Internet was listed by 12.5% of respondents. Column B breaks out the categories within each medium (80.3% of "newspaper" respondents specified daily newspapers; 29.3% said weekly newspapers). Because this was a national survey, these percentage "weights" remain constant across all local markets in applying the Diversity Index.

Column C: The company names of the owners of each type of outlet in a local market.

Column D: Lists the number of outlets owned by each company in a local market.

Column E: Each type of media (TV, newspaper, radio, etc.) has a universe of 100% market share. Specifically, the entries in column E for each broadcast TV station show each outlet's share of the broadcast universe only. They add up to 100% so that we can assign a share to each owner of that type of outlet in the market. In this example, there are 8 TV stations, so each one has a 12.5% share of the broadcast TV universe. "**TV owner A"** owns 2 TV stations in the market, so they are credited with a 25% share (12.5% x 2).

Column F: This column translates each outlet into a share of the total viewpoint market in that particular locality. For example, in our sample city, Column F converts Radio Owner B's 23.1% share of the radio universe into a 5.7% share of the total media market. (23.1% x 24.9%)

Column G: Captures the effect of a company owning more than one type of outlet in a market. In this sample city, **"TV-Radio owner A"** (Voice 1) has 2 TV stations and 3 radio stations. To accurately assess **"TV-Radio Owner A's"** role in the city's viewpoint market, column G simply identifies common ownership among different media outlets. The shares of commonly-owned outlets must be added together before squaring them. The increase in the Diversity Index from cross-owned outlets is shown at the bottom of the page. In the sample city, the "Voice 1, Total Shares" row near the bottom of the page shows that the combined effect of "TV-Radio owner A's" ownership of TV stations and radio stations in this city is an additional 130 points.

Column H: Represents the square of each outlet's share of the viewpoint market (which is shown in Column F). The last row on the table shows the level of viewpoint diversity concentration for this sample market. As with the HHI, a DI below 1000 = unconcentrated for viewpoint diversity; DI between 1000-1800 = moderately concentrated for viewpoint diversity; DI of 1800 or above = highly concentrated for viewpoint diversity.

Diversity Index Example – "Anytown, USA"

Media Market		Ownership Shares within Medium			Percent Share of Media Market		
% of Media	% of Medium	Parent Company	# of Stations	% Share	% Share (AxBxE)	Cross Ownership	Column F Squared
A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Broadcast Television Stations (8 total) 33.8%	100.0%	**TV owner A** (Voice 1)	2	25.0	8.5	Voice 1	---
		TV owner B (Voice 2)	1	12.5	4.2		17.9
		TV owner C (Voice 3)	1	12.5	4.2		17.9
		TV owner D (Voice 4)	1	12.5	4.2		17.9
		TV owner E (Voice 5)	1	12.5	4.2		17.9
		TV owner F (Voice 6)	1	12.5	4.2		17.9
		TV owner G (Voice 7)	1	12.5	4.2		17.9
Radio Stations (26 total) 24.9%	100.0%	**Radio owner A** (Voice 1)	3	11.5	2.9	Voice 1	---
		Radio owner B (Voice 8)	6	23.1	5.7		33.0
		Radio owner C (Voice 9)	2	7.7	1.9		3.7
		Radio owner D (Voice 10)	1	3.8	1.0		0.9
		Radio owner E (Voice 11)	1	3.8	1.0		0.9
		Radio owner F (Voice 12)	1	3.8	1.0		0.9
		Radio owner G (Voice 13)	1	3.8	1.0		0.9
		Radio owner H (Voice 14)	1	3.8	1.0		0.9
		Radio owner I (Voice 15)	1	3.8	1.0		0.9
		Radio owner J (Voice 16)	1	3.8	1.0		0.9
		Radio owner K (Voice 17)	1	3.8	1.0		0.9
		Radio owner L (Voice 18)	1	3.8	1.0		0.9
		Radio owner M (Voice 19)	1	3.8	1.0		0.9
		Radio owner N (Voice 20)	1	3.8	1.0		0.9
		Radio owner O (Voice 21)	1	3.8	1.0		0.9
		Radio owner P (Voice 22)	1	3.8	1.0		0.9
		Radio owner Q (Voice 23)	1	3.8	1.0		0.9
		Radio owner R (Voice 24)	1	3.8	1.0		0.9
Newspapers (28.8%)	Daily (80.3%)	Daily owner A (Voice 25)	1	50.0	11.6		133.7
		Daily owner B (Voice 26)	1	50.0	11.6		133.7
	Weekly (29.7%)	Weekly owner A (Voice 27)	1	100.0	8.6		73.2
Internet (12.5%)	18.3%	Cable Internet owner A (Voice 28)	1	100.0	2.3		5.2
	81.7%	Dial-up/other owner A (Voice 29)	1	100.0	10.2		104.3
Voice 1, Total Share		**TV-Radio owner A**	(add 2.9 + 8.5)		11.4		130.0
Diversity Index of "Anytown, USA" (Sum of Column H)							**738**

In this market, there are a total of 39 different media outlets (8 TV, 26 radio, 2 daily newspapers, 1 weekly newspaper, and two different Internet providers). Due to multiple ownership by several companies, and cross-ownership by one company ("TV-Radio owner A"), this market has 29 voices. This is intuitively consistent with a DI rating of 738 for this market.